



# State of Georgia Department of Revenue

## 2004 S Corporation Income Tax Forms and General Instructions

### FROM THE COMMISSIONER

This booklet is designed to provide information and assist corporations in filing their Georgia corporate tax returns. On Page 2 is a "New Information" section that I recommend you review to determine if the changes affect your return.

This booklet contains the forms and schedules required by most S corporations. If you need additional forms or copies of forms, we encourage you to visit our web site at [www.gatax.org](http://www.gatax.org). There you can download forms and always obtain up-to-date tax information and news from the Department of Revenue. Forms are also available via fax-on-demand at 404-417-6011. A listing of useful telephone numbers is on Page 11.

Our mission and commitment is to serve Georgia's taxpayers in a prompt, courteous and professional manner and to effectively and fairly administer the State's tax laws. We welcome your comments and suggestions on how to more effectively accomplish this mission.

**Bart L. Graham**  
Commissioner

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## NEW INFORMATION

### Federal Tax Changes

#### **Jobs and Growth Tax Relief Reconciliation Act of 2003 and Job Creation and Worker Assistance Act of 2002.**

Georgia has adopted the provisions of these acts (as they relate to the computation of Federal taxable income) for taxable years beginning on or after January 1, 2004, except for I.R.C. Section 168(k) (30% and 50% bonus depreciation) and Section 1400L (tax benefits for the New York Liberty Zone) which are treated as if they are not in effect. Further, I.R.C. Section 179(b) is treated as it was in effect before enactment of the Jobs and Growth Tax Relief Reconciliation Act of 2003.

**Depreciation Differences.** Depreciation differences due to the 2002 and 2003 Federal acts mentioned above should be handled in the following manner. If the taxpayer has depreciation differences that are attributable to both the 2002 and 2003 Federal acts, it is not necessary to make a separate adjustment for each act.

A. Depreciation must be computed one way for Federal purposes and another way for Georgia purposes. To compute depreciation for Federal purposes, taxpayers should use the 2004 IRS Form 4562 and attach it to the Georgia return. This amount should be entered on Page 2, Schedule 5, Line 4 along with the words "2002 JCWA/2003 JGTRRA Depreciation Adjustment" (but see note below if Section 179 is claimed).

B. Depreciation must also be computed for Georgia purposes. Taxpayers should use Georgia Form 4562 to compute depreciation for Georgia purposes and attach it to the Georgia return. This amount should be entered on Page 2, Schedule 6, Line 2 along with the words "2002 JCWA/2003 JGTRRA Depreciation Adjustment" (but see note below if Section 179 is claimed). Georgia Form 4562 and related instructions can be obtained from our website at [www.gatax.org](http://www.gatax.org) or from any Revenue Office.

**Note:** On the S-Corporation Form 600S, Schedule 8, Section 179 is not listed. It is not listed because it may be subject to further limitation at the shareholder level. Accordingly, when making the addition of Federal depreciation on Schedule 5 and the subtraction of Georgia depreciation on Schedule 6, Section 179 should not be included. The Federal Section 179 deduction and the related Georgia Section 179 adjustment (the difference between the amount allowed at the Federal level and the amount allowed for Georgia purposes) should be reported to the shareholder separately on the K-1.

Additionally, any depreciation differences will affect the calculation of gain when the property is sold. Further, in 2003 the IRS started requiring separate reporting to shareholders of the gain from asset sales for which an I.R.C. Section 179 deduction was claimed. Georgia follows this separate reporting treatment. Accordingly, the gain should not be reported on Schedule 8 of Form 600S, but the gain along

with any Georgia adjustment to the gain (due to the 2003 Federal act) should be reported separately to the shareholders.

All S-Corporations should notify their shareholders of adjustments that need to be made on the shareholder's return due to the 2002 and 2003 Federal acts.

### 2004 Legislation

The following bills that relate to corporations were passed by the 2004 Georgia Legislature:

**Job Tax Credit for Less Developed Areas – House Bill 984** (O.C.G.A. § 48-7-40.1) This bill changes the current law on Job Tax Credit for less developed areas by: (1) adding any area comprised of one or more census tracts adjacent to a federal military installation where pervasive poverty is evidenced by a 15 percent poverty rate or greater; (2) adding any area comprised of two or more contiguous census block groups with a poverty rate of 20 percent or greater, which is included within a state enterprise zone, where a redevelopment plan has been adopted, and displays pervasive poverty, underdevelopment, general distress and blight; (3) allowing any businesses located in the area described in (2) above to claim the job tax credit without being a defined business enterprise; (4) removing the requirement that 30 percent of new full-time jobs be held by residents of the less developed area for which the credit is sought; and (5) allowing the credit to be used against 100 percent of the current income tax liability instead of 50 percent. This bill is applicable to taxable years beginning on or after January 1, 2004.

**State and Local Tax Revision Act of 2004 - House Bill 1437** (O.C.G.A. §§ 48-1-2 and 48-2-32) The income tax provisions of this bill are as follows:

**Section 2 – Annual Update Provision.** The amendment to O.C.G.A. § 48-1-2 is the annual update to follow the I.R.C. as it exists on January 1, 2004. This update includes all applicable provisions of Federal tax legislation signed into law during 2003 (as they relate to the computation of Federal taxable income), except it specifically excludes I.R.C. Section 168(k) (30% and 50% bonus depreciation) and Section 1400L (tax benefits for the New York Liberty Zone). Further, it treats I.R.C. Section 179(b) as it was in effect before enactment of the Jobs and Growth Tax Relief Reconciliation Act of 2003. This section of the bill is applicable to taxable years beginning on or after January 1, 2004.

**Section 3 – Bad Check Fee.** The amendment to O.C.G.A. § 48-2-32 modifies the bad check fee the Department is allowed to charge. The minimum charge is now \$25 instead of the lesser of the amount of the check or \$15. This section of the bill became law when the Governor signed the bill on May 13, 2004.

**Section 4 – Penalty for Failure to Remit Withholding Tax.** This section of the bill amends O.C.G.A. § 48-2-32

## NEW INFORMATION (continued)

allowing the imposition of a penalty equal to 10 percent of the tax due if payment was required to be made in immediately available funds, such as via electronic transfer and was not. This penalty is in addition to all other penalties provided by law. This section of the bill became law when the Governor signed the bill on May 13, 2004.

**False Claims of Independent Contractor Status – House Bill 1444 and Senate Bill 491** (O.C.G.A. § 48-7-127) These bills make it unlawful for any person knowingly to coerce, induce, or threaten an individual falsely to declare himself or herself to be an independent contractor in order to avoid or evade the withholding or payment of tax. Individuals who violate this law in connection with contracts with the State or any political subdivision thereof, upon conviction are subject to a fine equal to the amount of tax owed for the first offense. Upon conviction of the second offense, the individual is subject to a fine equal to two times the amount of tax owed. Upon conviction of the third and subsequent offenses, the individual is subject to a fine equal to four times the tax owed. This bill is effective from July 1, 2004 through July 1, 2014.

**Additional Job Tax Credit for Joint Authorities – Senate Bill 444** (O.C.G.A. § 36-62-5.1) This bill amends the statute

to allow counties to belong to more than one joint authority. It also clarifies that the number of joint authorities a county belongs to will not increase the additional job tax credit amount by more than \$500 for each new full-time employee. This bill became law when the Governor signed it on May 17, 2004.

### **CORPORATE PARTNERS OF PARTNERSHIPS**

A corporation will be considered to own property or do business in Georgia whenever the corporation is a partner, whether limited or general, in a partnership which owns property or does business in Georgia. Our regulations were amended in 2001 to reflect this. The amended regulations apply to taxable years beginning on or after January 1, 2002.

### **FREQUENTLY ASKED QUESTIONS**

Frequently asked questions regarding corporations, S corporations, partnerships, LLC's, and nonresident withholding are available on our webpage. Visit our webpage at [www.gatax.org](http://www.gatax.org) for more information.

## GENERAL INFORMATION

### INCOME TAX

#### INTRODUCTION

Georgia law recognizes an election to file as an S Corporation under the provisions of the I.R.C. as it existed on January 1, 2004, qualified only in cases of nonresident shareholders, who must complete Form 600S-CA (see Page 9). It also provides for the imposition of a Net Worth Tax.

#### FILING REQUIREMENTS

All corporations that own property or do business in Georgia are required to file a Georgia income tax return. (Please round all dollar entries.) A corporation electing the provisions of the I.R.C. for S Corporations, having one or more stockholders who are nonresidents of Georgia, must file Form 600S-CA on behalf of each nonresident. Failure to furnish a properly executed Form 600S-CA for each nonresident stockholder negates Georgia's recognition of the election, requiring each corporation to file Form 600 and to pay the regular corporate tax. Georgia resident shareholders of Subchapter "S" corporations may make an adjustment to federal adjusted gross income for Subchapter "S" income where the Subchapter "S" election is not recognized for Georgia purposes

or by another state. The adjustment is allowed in order to avoid double taxation on this type of income. Therefore, this adjustment will be allowed only if tax was actually paid by the corporation to Georgia or to another state(s).

NOTE: If you use a software program or if you do not need a booklet next year, fill in the circle in the upper left corner of the form.

#### TWO-DIMENSIONAL BARCODE FORMS

Beginning with tax year 2001, the Department of Revenue started a method of processing tax returns containing a two-dimensional (2D) barcode. This method was implemented to assist with processing returns in a more accurate and timely manner. Returns with a 2D barcode process faster than regular paper returns and without data entry errors. A 2D barcode is similar to the one located on the back of your Georgia driver's license. Information from your return is captured into a machine-readable barcode rather than entered manually, which reduces the possibility of processing errors. The 2D barcode is visible only after the return has been printed.

# GENERAL INFORMATION

## INCOME TAX (continued)

Effective with tax year 2003, 2D barcodes became available on corporate tax returns. The Department of Revenue has given approval to certain software companies to produce tax programs that include a 2D barcode. A list of these companies is available on our website at [www.gatax.org](http://www.gatax.org).

If you owe tax, mail your payment with Form PV-CORP in the same envelope with your return. Do not mail Form PV-CORP separately from your return or use it as a substitute for Form IT-560C. Failure to properly complete and mail Form PV-CORP could result in delayed or improper posting of your payment.

If your software program produces a 2D barcode return, mail your return to:

**Refunds/Payments:** Georgia Department of Revenue, Processing Center, P.O. Box 740391, Atlanta, GA 30374-0391.

NOTE: The Department of Revenue encourages the use of 2D barcode returns; however, we neither support nor recommend any software company. Failure to mail your return to the correct address may cause processing delays.

### WHEN AND WHERE TO FILE

The return is due on or before the 15th day of the 3rd month following the close of the taxable year. This means March 15th, if on the calendar year basis. Returns should be mailed to Georgia Department of Revenue, Processing Center, P.O. Box 740391, Atlanta, Georgia 30374-0391. Taxpayers listing credits on Schedules 10 and/or 11 should mail their returns to Georgia Taxpayer Services Division, P. O. Box 49431, Atlanta, Georgia 30359-1431.

### EXTENSION OF TIME

**If a taxpayer receives from the Internal Revenue Service an extension of time within which to file the Federal return, the taxpayer need not apply to the Georgia Department of Revenue for a similar extension of time. See Page 11 for more information.**

A reasonable extension of time for filing may be granted by the Commissioner upon application on Form IT-303. It must be filed on or before the date the return is due. Georgia law prohibits the granting of an extension of over 6 months from the due date of the return.

### RELATION TO FEDERAL RETURN

The Georgia return correlates to the Federal return in most respects (**see information on Page 2 about Federal tax changes**). The accounting period and method for the Georgia return must be the same as the Federal return. A copy of the Federal return and all supporting schedules must be attached to the Georgia return. If a Federal audit results in a change in taxable income, the taxpayer shall file a return reflecting the changed or corrected net income within 180 days of final determination. The return should be mailed to: Georgia Taxpayer Services Division, P.O. Box 49432, Atlanta, Georgia 30359-1432.

### QUALIFIED SUBCHAPTER S SUBSIDIARY (QSSS)

For income tax purposes, Georgia follows the Federal treatment for a Qualified Subchapter S Subsidiary (QSSS). However, the QSSS and its parent must file separate net worth tax returns. If the parent is not registered with the Secretary of State and does not do business or own property in Georgia (other than through the QSSS) they would not be required to file a net worth tax return.

### COMPUTING GEORGIA TAXABLE INCOME SCHEDULE 1

If an S Corporation is required to pay tax at the federal level, it may be required to pay tax at the state level. This schedule applies only to S Corporations which have converted from a C Corporation and are subject to corporate income tax due to Excess Net Passive Investment Income, Capital Gains, or Built in Capital Gains. This income would be apportioned to Georgia by multistate S Corporations.

### ADJUSTMENTS TO FEDERAL INCOME OF SHAREHOLDERS

To determine total income for Georgia purposes, certain additions and subtractions as provided by Georgia law are included in the Schedule 8 computation. Lines 8 and 10 of Schedule 8 provide for modifications required by Georgia law. The total of the additions to Georgia income should be indicated on Schedule 8, Line 8 and listed in Schedule 5. Total subtractions from Federal income should be indicated on Schedule 8, Line 10 and listed in Schedule 6. The more commonly used items are listed in each of these schedules. **Additionally, adjustments due to Federal tax changes should be reported as stated on Page 2 of the instructions.** Any deductions subject to further limitations such as a Section 179 deduction, charitable contributions, etc., are not deductible in the calculation of total income for Georgia purposes. These items are deductible, based on percentage of ownership, by the individual shareholder on his or her individual tax return.

Taxpayers who are parties to state contracts may subtract from Federal taxable income or Federal adjusted gross income 10% of qualified payments to minority subcontractors or \$100,000, whichever is less, per taxable year. The Commissioner of the Department of Administrative Services maintains a list of certified minority subcontractors for the Revenue Department and general public. (To register as a minority subcontractor or to view the list, call 404-656-6315 or visit [www3.state.ga.us/departments/doas/pu/pummnr.html](http://www3.state.ga.us/departments/doas/pu/pummnr.html).)

### ALLOCATION AND APPORTIONMENT OF INCOME SCHEDULES 7, 8, and 9

If any corporation, domestic or foreign, does business both within and without Georgia, the Georgia ratio as computed in Schedule 7 should be used to compute Georgia taxable income for nonresidents. Schedule 8 reflects flow-through income from the federal return, which is taxable to the individual shareholder.



# GENERAL INFORMATION

## INCOME TAX (continued)

A resident shareholder is required to report the full share of corporate income or loss. A nonresident shareholder, however, is required to report only the share of allocated and apportioned income as computed in Schedule 9 (see page 2 for separately stated shareholder adjustments mentioned under Federal Tax Changes).

General instructions for computing the apportionment ratio and apportioned and allocated income are listed below. If the business income of the corporation is derived from property owned or business done within the State, and in part from property owned or business done outside the State, the tax is imposed only on that portion of the business income which is reasonably attributable to property owned and business done within the State, to be determined as follows:

(1) Interest received on bonds held for investment and income received from other intangible property held for investment are not subject to apportionment. Rentals received from real estate held purely for investment purposes and not used in the operation of the business are also not subject to apportionment. All expenses connected with the interest and rentals from such investments are likewise not subject to apportionment but must be applied against the investment income. The net investment income from intangible property shall be allocated to Georgia if the situs of the corporation is in Georgia or the intangible property was acquired as income from property held in Georgia, or as a result of business done in Georgia. The net investment income from tangible property in Georgia shall be allocated to Georgia.

(2) Gain from the sale of tangible or intangible property not held, owned or used in connection with the trade or business of the corporation nor for sale in the regular course of business, shall be allocated to the State if the property held is real or tangible personal property situated in the State, or intangible property having an actual situs or a business situs within the State. Otherwise, such gain shall be allocated without the State.

(3) Net income of the above classes having been separately allocated and deducted, the remainder of the net business income shall be apportioned by application of the following:

### THREE FACTOR FORMULA

(a) Property Factor. The property factor is composed of the average value of real and tangible personal property owned or rented and used during the taxable year. Property owned is valued at its original cost. Property rented is valued at eight times the net annual rental rate. The net annual rental rate is the annual rental rate paid less any annual rate received from any subrentals. With respect to rented property, averaging is achieved automatically by determining the net annual rental rate of such property.

(b) Payroll Factor. The payroll factor is the ratio of all salaries, wages, commissions, and other compensation paid by the taxpayer in this State for personal services performed by employees in connection with the trade or business of the

taxpayer during the taxable year to the total salaries, wages, commissions, and other compensation paid by the taxpayer for personal services performed by employees in connection with its entire trade or business, wherever conducted, during the taxable year.

Payments made to an independent contractor or any other person not properly classified as an employee are excluded. Compensation is paid in this State if the employee's service outside Georgia is incidental to the service performed in this State or some of the service is performed in Georgia and the base of operations from which the service is directed is in this State, or some of the service is performed in Georgia and the base of operations from which the service is directed is not in any state where some part of the service is performed but the employee's residence is in Georgia.

(c) Gross Receipts Factor. The gross receipts factor is the ratio of gross receipts from business done within this State to total gross receipts from business done everywhere. Receipts shall be deemed to have been derived from business done within this State only if received from products shipped or delivered to customers within this State.

The purpose of the gross receipts factor is to measure the marketplace for the taxpayer's goods and services. When receipts are derived from the sale of tangible personal property, receipts shall be deemed to have been derived from business done in this State if they were received from products shipped or delivered to customers within this State.

When receipts are derived from business other than the sale of tangible personal property, receipts shall be deemed to have been derived from business done in this State if they were received from customers within this State, or if the receipts are otherwise attributable to this State's marketplace.

**(d) The apportionment factors determined above shall be weighted 25% to property, 25% to payroll and 50% to sales. If the denominator for either the property or payroll factor is zero, the weighted percentage for the other will be 33-1/3% and the weighted percentage for the sales factor will be 66-2/3%. If the denominator for the sales is zero, the weighted percentage for the property and payroll will change to 50% each. If the denominators for any two factors are zero, the weighted percentage for the remaining factor will be 100%.**

(e) Apportionment of Income: Business Joint Ventures and Business Partnerships. A Corporation that is involved in a business joint venture, or is a partner in a business partnership, must include its pro rata share of the joint venture or partnership property, payroll and gross receipts values in its own apportionment formula.

### AMENDED RETURNS

Georgia has no separate form for filing an amended return. Please check the amended return block on Form 600S. A copy of the Federal Form 1120S or federal audit adjustments

# GENERAL INFORMATION

## INCOME TAX (continued)

must be attached. The amended return should be mailed to Georgia Department of Revenue, Processing Center, P. O. Box 740391, Atlanta, Georgia 30374-0391. Amended returns listing credits on Schedules 10 and/or 11 should be mailed to Georgia Taxpayer Services Division, P. O. Box 49431, Atlanta, Georgia 30359-1431.

### CLAIMS FOR REFUND

**For tax years beginning before January 1, 2003,** a claim for refund of tax paid must be made within three years from the date the tax was paid. Taxes which have been paid by either withholding or estimated tax are treated as having been paid on the regular due date of the return. An extension of time to file the return does not extend the deadline for filing a state claim for refund. For example, if payments were made with respect to the 2001 tax year on or before March 15, 2002 (due date of the 2001 tax year), the taxpayer must file any claim for refund of such tax by March 15, 2005. An extension of time to file the 2001 return does not change the March 15, 2005 deadline to file a claim for refund.

**For tax years beginning on or after January 1, 2003,** a claim for refund must be made within three years from the later of the date of the payment of the tax or the due date of the income tax return (including extensions which have been granted). For example, if payments were made with respect to the 2003 tax year on or before September 15, 2004 (extended due date for the 2003 tax year), the taxpayer must file any claim for refund by September 17, 2007 (this is because September 15 falls on a Saturday).

### LATE PAYMENT PENALTY

A taxpayer having a Federal extension must prepay the Georgia tax accompanying such payment with Form IT-560C. Credit for such prepayment should be claimed on Form 600S, Schedule 4, Line 2. If tax is not paid by the statutory due date of the return, a late payment penalty of 1/2 of 1% per month will accrue on all unpaid tax. This penalty will accrue from the statutory due date regardless of any extension for filing the return.

### PENALTIES AND INTEREST

The Georgia Code imposes certain penalties as follows: Delinquent filing of a return—5% of the tax shown on the return for each month or fractional part thereof—up to 25%.

Failure to pay tax shown on a return by the due date—1/2 of 1% of the tax due for each month or fractional part thereof—up to 25%.

Assessment of other penalties are as follows:

Negligent underpayment of tax—5% thereof.

Fraudulent underpayment—50% thereof.

**Note:** The combined total of the penalty for delinquent filing of a return and failure to pay tax shown on a return cannot exceed 25% of the tax indicated on the return.

Interest accrues at the rate of 12% per year on all unpaid tax from the payment due date until the date paid. An extension of time for filing does not alter the interest charge or the penalty for late payment of tax.

## NET WORTH TAX

### INITIAL FILING AND DUE DATES

A new domestic or foreign corporation doing business or owning property in Georgia must file an initial net worth tax return on or before the fifteenth day of the third calendar month after incorporation or qualification. The initial net worth tax return is based on the beginning net worth (Federal Schedule L) of the corporation and covers the tax period from incorporation/qualification date to the end of the year. If this return is for a short period of less than six months, the tax due is 50%. The initial net worth return cannot be combined with the initial income tax return because the due dates do not coincide.

Thereafter, an annual return must be filed on or before the fifteenth day of the third month following the beginning of the corporation's taxable period.

### EXTENSION OF TIME

**If a taxpayer receives from the Internal Revenue Service an extension of time to file his Federal return, the taxpayer need not apply to the Georgia Department of Revenue for a similar extension. See page 11 for more information.**

### PENALTIES AND INTEREST

Penalties and interest may be avoided by paying the tax by the statutory due date of the return. Penalty for delinquent filing is 10% of tax due. Penalty for delinquent payment is 10% of tax due. In addition, interest at 12% per annum is due on a delinquent remittance from the due date until paid in full.



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**Georgia Form 600S (Rev. 06/04)**Corporation Tax Return  
Georgia Department of Revenue (Approved web version)☐ Fill in circle if you DO NOT want a booklet next year**2004** Income Tax ReturnBeginning \_\_\_\_\_ Ending \_\_\_\_\_ Original Return ☐ Initial Net Worth ☐ New Corporation ☐ C. Corp Last Year ☐**2005** Net Worth Tax ReturnBeginning \_\_\_\_\_ Ending \_\_\_\_\_ Amended Return ☐ Address Change ☐ Name Change ☐ Extension ☐  
Final Return (attach explanation) ☐ Composite Return Filed ☐

A. Federal Employer I.D. Number	Name (Corporate title) Please give former name if applicable.	E. Date of Incorporation
B. GA. Withholding Tax Acct. Number	Business Address (Number and Street)	F. Incorporated under laws of what state
C. GA. Sales Tax Reg. Number	City or Town                      County                      State                      Zip Code	G. Date admitted into GA
D. NAICS Code	Location of Principal Place of Business                      Telephone Number	H. Kind of Business

I. Number of shareholders \_\_\_\_\_ Number of Nonresident Shareholders \_\_\_\_\_ J. Federal Ordinary Income ► \_\_\_\_\_  
K. Indicate latest taxable year adjusted by IRS ► \_\_\_\_\_ And when reported to Georgia ► \_\_\_\_\_**COMPUTATION OF GEORGIA TAXABLE INCOME AND TAX**

(ROUND TO NEAREST DOLLAR)

**SCHEDULE 1**

1. Georgia Taxable Income .....	1. _____
2. Tax-6% x Line 1 .....	2. _____

**COMPUTATION OF NET WORTH RATIO** (to be used by foreign Corporations only)

(ROUND TO NEAREST DOLLAR)

**SCHEDULE 2**

	A. Within Georgia	B. Total Everywhere	C. GA. ratio (A/B)
1. Total value of property owned (Total assets from Federal balance sheet)			
2. Gross receipts from business .....			
3. Totals (Line 1 + 2) .....			
4. Georgia ratio (Divide Line 3A by 3B) .....			

**COMPUTATION OF NET WORTH TAX**

(ROUND TO NEAREST DOLLAR)

**SCHEDULE 3**

1. Total Capital stock issued .....	1. _____
2. Paid in or capital surplus .....	2. _____
3. Total retained earnings .....	3. _____
4. Net worth (Total of Lines 1, 2, and 3) .....	4. _____
5. Ratio (GA. and Dom. For. Corp.-100%) (Foreign Corp. - Line 4, Sch. 2) .....	5. _____
6. Net worth taxable by Georgia (Line 4 x Line 5) .....	6. _____
7. Net worth tax (From table in instructions) .....	7. _____

**COMPUTATION OF TAX DUE OR OVERPAYMENT**

(ROUND TO NEAREST DOLLAR)

**SCHEDULE 4**

	A. Income Tax	B. Net Worth Tax	C. Total
1. Total Tax (Schedule 1, Line 2 and Schedule 3, Line 7)			1. _____
2. Less: Credits and payments of estimated tax .....			2. _____
3. Less Credits from Schedule 10, Line 6 .....			3. _____
4. Withholding Credits .....			4. _____
5. Balance of tax due (Line 1, less Lines 2, 3 and 4) .....			5. _____
6. Amount of overpayment (Lines 2, 3 and 4 less Line 1)			6. _____
7. Interest due (See Instructions) .....			7. _____
8. Penalties due (See Instructions) .....			8. _____
9. Balance of Tax, Interest and Penalties due with return			9. _____
10. Amount of Line 6 to be credited to 2005 estimated tax	►	Refunded	►

**ADDITIONS TO FEDERAL INCOME**

(ROUND TO NEAREST DOLLAR)

**SCHEDULE 5**

1. State and municipal bond interest (other than Georgia or political subdivision thereof) .....	1.	
2. Net income or net profits taxes imposed by taxing jurisdictions other than Georgia .....	2.	
3. Expense attributable to tax exempt income .....	3.	
4. Other Additions .....	4.	
5. TOTAL (Add Lines 1 thru 4) Enter here and on Line 8, Schedule 8 .....	5.	

**SUBTRACTIONS FROM FEDERAL TAXABLE INCOME**

(ROUND TO NEAREST DOLLAR)

**SCHEDULE 6**

1. Interest on obligations of United States .....	1.	
2. Other Subtractions .....	2.	
TOTAL - (Add Lines 1 and 2) Enter here and on Line 10, Schedule 8 .....	3.	

**APPORTIONMENT OF INCOME****SCHEDULE 7**

(Part 1)	WITHIN GEORGIA		TOTAL EVERYWHERE	
	A. Beginning of Year	B. End of Year	A. Beginning of Year	B. End of Year
1. Inventories .....				
2. Buildings (cost) .....				
3. Machinery & Equipment .....				
4. Land .....				
5. Other Tangible Assets ....				
6. Total (Lines 1 through 5)				
7. Average (Add columns A & B and divide by 2)				
8. Rented Property (Annual Rate x 8) .....				
9. Total Property .....				
(Part 2)	A. Within Georgia	B. Everywhere (If this figure is 0 see instructions on page 5)	C. Do not round Col (A)/Col (B) Compute to six decimals	D. Do not round Georgia Factor Compute to six decimals
1. Total Property (Part 1 Line 9) .....			x0.25	
2. Salaries, commissions, wages & compensation .....			x0.25	
3. Gross receipts from business .....			x0.50	
4. Georgia ratio (Total Column D) .....				

**COMPUTATION OF TOTAL INCOME FOR GEORGIA PURPOSES**

(ROUND TO NEAREST DOLLAR)

**SCHEDULE 8**

1. Ordinary income (loss) per Federal return .....	1.	
2. Net income (loss) from rental real estate activities .....	2.	
3. a. Gross income from other rental activities	3a.	
b. Less expenses	3b.	
c. Net business income from other rental activities (Line 3a less Line 3b) .....	3 c.	
4. Portfolio income (loss):		
a. Interest Income .....	4 a.	
b. Dividend Income .....	4b.	
c. Royalty Income .....	4c.	
d. Net short-term capital gain (loss) .....	4d.	
e. Net long-term capital gain (loss) .....	4e.	
f. Other portfolio income (loss) .....	4f.	
5. Net gain (loss) under section 1231 .....	5.	
6. Other Income (loss) .....	6.	
7. Total Federal Income (Add Lines 1 through 6) .....	7.	
8. Additions to Federal Income (Schedule 5 above) .....	8.	
9. Total (Add Lines 7 & 8) .....	9.	
10. Subtractions from Federal Income (Schedule 6 above) .....	10.	
11. Total Income for Georgia purposes (Subtract Line 10 from Line 9) .....	11.	

**COMPUTATION OF GEORGIA NET INCOME**

(ROUND TO NEAREST DOLLAR)

**SCHEDULE 9**

1. Total Income for Georgia purposes (Line 11, Schedule 8) .....	1.	
2. Income allocated everywhere (Attach Schedule) .....	2.	
3. Business Income subject to apportionment (Line 1 less Line 2) .....	3.	
4. Georgia Ratio (Line 4, Part 2, Schedule 7) .....	4.	
5. Net business income apportioned to Georgia (Line 3 x Line 4) .....	5.	
6. Net income allocated to Georgia (Attach Schedule) .....	6.	
7. Total Georgia net income (Add Line 5 and Line 6) .....	7.	



**CLAIMED TAX CREDITS**

(ROUND TO NEAREST DOLLAR)

**SCHEDULE 10**

See pages 12 through 15 for a list of available credits and their applicable codes. You must list the appropriate credit type code in the space provided. If you claim more than four credits, attach a schedule. Enter the total of the additional schedule on Line 5.

If the tax credit is flowing into this corporation from another corporation, please enter the name and FEI Number of the corporation where the tax credit originated. If the credit claimed is only a percentage of the total credit (i.e., another corporation has been assigned a percentage, as well), enter the percentage assigned to this corporation in the % column. If the credit originated with the corporation filing this return, enter "Same" in the spaces for corporation and FEIN and enter the percentage of credit claimed (i.e., 100, if claiming all of it; 33, if claiming 1/3).

	Credit Type Code	Corporation Name	FEIN	%		Amount of Credit
1.					1.	
2.					2.	
3.					3.	
4.					4.	

5. Enter the total from attached schedule(s) ..... 5. \_\_\_\_\_

6. Enter the total of Lines 1 through 5 here and on Schedule 4, Line 3, Page 1 ..... 6. \_\_\_\_\_

**ASSIGNED TAX CREDITS**

(ROUND TO NEAREST DOLLAR)

**SCHEDULE 11**

Georgia Code Section 48-7-42 provides that in lieu of claiming any Georgia income tax credit for which a taxpayer otherwise is eligible for the taxable year, the taxpayer may elect to assign credits in whole or in part to one or more "affiliated entities". The term "affiliated entities" is defined as:

- 1) A corporation that is a member of the taxpayer's affiliated group within the meaning of Section 1504(a) of the Internal Revenue Code; or
- 2) An entity affiliated with a corporation, business, partnership, or limited liability company taxpayer, which entity:
  - (a) Owns or leases the land on which a project is constructed;
  - (b) Provides capital for construction of the project; and
  - (c) Is the grantor or owner under a management agreement with a managing company of the project.

No carryover attributable to the unused portion of any previously claimed or assigned credit may be assigned or reassigned, except if the assignor and the recipient of a tax credit assigned cease to be affiliated entities, any carryover attributable to the unused portion of the credit is transferred back to the assignor of the credit. The assignor is permitted to use any such carryover itself, and also shall be permitted to assign the carryover to one or more affiliated entities, as if such carryover were an income tax credit for which the assignor became eligible in the taxable year in which the carryover was transferred back to the assignor. In the case of any credit that must be claimed in installments in more than one taxable year, the election under this subsection may be made on an annual basis with respect to each such installment. For additional information, please refer to Georgia Code Section 48-7-42.

If the corporation filing this return is assigning tax credits to other affiliates, please provide detail below of where the tax credits are being assigned and what percentage is being allocated to each affiliate.

	Credit Type Code	Corporation Name	FEIN	%		Amount of Credit
1.					1.	
2.					2.	
3.					3.	
4.					4.	

**Copy of the Federal Return and supporting Schedules must be attached, otherwise this return is deemed incomplete.** No extension of time for filing will be allowed unless a copy of request for Federal extension or Form IT-303 is attached to this return.

**Make check payable to:** Taxpayer Services Division

**Mail To:** Georgia Department of Revenue, Processing Center, P.O. Box 740391, Atlanta, Georgia 30374-0391

If claiming credits on Schedules 10 and/or 11, **Mail To:** Taxpayer Services Division, P.O. Box 49431, Atlanta, Georgia 30359-1431

Georgia Public Revenue Code Section 48-2-31 stipulates that taxes shall be paid in lawful money of the United States free of any expense to the State of Georgia

**Declaration:** I/We declare under the penalties of perjury that I/we have examined this return (including accompanying schedules and statements) and to the best of my/our knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, their declaration is based on all information of which they have any knowledge.

SIGNATURE OF OFFICER

DATE

SIGNATURE OF INDIVIDUAL OR FIRM PREPARING THE RETURN

TITLE

IDENTIFICATION OR SOCIAL SECURITY NUMBER

# GENERAL INFORMATION

## NET WORTH TAX (continued)

### COMPUTATION OF TAX

The tax is graduated based on net worth. In the case of new corporations, this is the beginning net worth. Thereafter, it is the net worth on the first day of the corporation's net worth taxable year. Net worth is defined to include issued capital stock, paid in surplus and retained earnings. Treasury stock should not be deducted from issued capital stock.

**Foreign corporations qualified in Georgia are taxable on the portion of net worth employed within Georgia as computed in Schedule 3, using the ratio computed in Schedule 2.** To compute the ratio, the property factors will reflect total balance sheet assets within Georgia and everywhere. This includes all intangible assets reflected on the federal return such as accounts receivable.

Gross receipts factors are determined per instructions on Page 5. For net worth tax purposes, a foreign corporation is a corporation or association created or organized under the statutory laws of any nation or state other than Georgia.

Domestic corporations and domesticated foreign corporations are taxable on total net worth (100% ratio) and should not use the ratio computation in Schedule 2.

**For net worth tax purposes, a domestic corporation is a corporation or association created or organized under the statutory laws of Georgia. A domesticated foreign corporation is a foreign corporation which has agreed under the provisions of Georgia law to be treated as a domestic corporation and to be taxed on total net worth.**

A dormant corporation must file a net worth tax return and pay the tax to retain its charter. A foreign corporation admitted into Georgia must file a net worth tax return until it has withdrawn from Georgia. A corporation with a deficit net worth will pay the minimum tax of \$10.00. A corporation that has been liquidated and is filing its final income tax return is not liable to file a net worth tax return.

### NET TAX DUE OR OVERPAYMENT

Schedule 4 provides for the computation of net tax due or the net overpayment of the two taxes.

Compute any penalty and interest due for the respective taxes and enter the amounts on the applicable lines.

### QUALIFIED SUBCHAPTER S SUBSIDIARY (QSSS)

For income tax purposes, Georgia follows the Federal treatment for a QSSS. However, the QSSS and the parent must file **separate net worth tax returns**. If the parent is not registered with the Secretary of State and does not do business or own property in Georgia (other than through the QSSS) they would not be required to file a net worth tax return.

### FEDERAL SCHEDULE L REQUIREMENT

The Schedule L must be completed on the Georgia copy of the Federal return, if for Federal purposes the Schedule L is not required to be completed because the assets and receipts do not exceed the federal limitation.

### TREATMENT OF SHORT PERIOD NET WORTH TAX RETURN

All corporations filing a short period income and/or net worth Georgia tax return for any reason other than initial or final return shall compute the net worth in accordance with the following instructions:

The net worth tax shall be computed on the net worth per the ending balance sheet of the short period return. The tax is then prorated based on the number of months included in the short period return.

Note: Any short periods ending on the 1st through the 15th day of the month are backed up to the last day of the preceding month. Years ending on the 16th day or later are moved forward to the last day of that month.

**EXAMPLE:** Corporation A files a three-month short period return ending March 31, 2004. The Georgia taxable net worth per the March 31, 2004 balance sheet is \$90,000. The Georgia net worth tax is computed as follows: Tax per scale \$100.00 x 3/12 = \$25.00 net worth tax due.

## NET WORTH TAX TABLE

### DOMESTIC AND DOMESTICATED FOREIGN CORPORATIONS

Based on net worth including issued capital stock, paid-in surplus, and earned surplus (Schedule 3, Line 4).

### FOREIGN CORPORATIONS

Based on net worth including issued capital stock, paid-in surplus, and earned surplus employed within Georgia (Schedule 3, Line 6).

Not exceeding .....	\$10,000.00	.....	10.00
Over .....	10,000.00	and not exceeding 25,000.00 .....	20.00
Over .....	25,000.00	and not exceeding 40,000.00 .....	40.00
Over .....	40,000.00	and not exceeding 60,000.00 .....	60.00
Over .....	60,000.00	and not exceeding 80,000.00 .....	75.00
Over .....	80,000.00	and not exceeding 100,000.00 .....	100.00
Over .....	100,000.00	and not exceeding 150,000.00 .....	125.00
Over .....	150,000.00	and not exceeding 200,000.00 .....	150.00
Over .....	200,000.00	and not exceeding 300,000.00 .....	200.00
Over .....	300,000.00	and not exceeding 500,000.00 .....	250.00
Over .....	500,000.00	and not exceeding 750,000.00 .....	300.00
Over .....	750,000.00	and not exceeding 1,000,000.00 .....	500.00
Over .....	1,000,000.00	and not exceeding 2,000,000.00 .....	750.00
Over .....	2,000,000.00	and not exceeding 4,000,000.00 .....	1,000.00
Over .....	4,000,000.00	and not exceeding 6,000,000.00 .....	1,250.00
Over .....	6,000,000.00	and not exceeding 8,000,000.00 .....	1,500.00
Over .....	8,000,000.00	and not exceeding 10,000,000.00 .....	1,750.00
Over .....	10,000,000.00	and not exceeding 12,000,000.00 .....	2,000.00
Over .....	12,000,000.00	and not exceeding 14,000,000.00 .....	2,500.00
Over .....	14,000,000.00	and not exceeding 16,000,000.00 .....	3,000.00
Over .....	16,000,000.00	and not exceeding 18,000,000.00 .....	3,500.00
Over .....	18,000,000.00	and not exceeding 20,000,000.00 .....	4,000.00
Over .....	20,000,000.00	and not exceeding 22,000,000.00 .....	4,500.00
Over .....	22,000,000.00	.....	5,000.00

### INSTRUCTIONS FOR NONRESIDENT SHAREHOLDERS

Nonresident shareholders of corporations doing business both within and without Georgia shall compute their portion of the corporation's allocated and apportioned income from the schedules on Form 600S, Page 2. The Georgia net income of nonresidents computed on Schedule 9, Line 7 should be multiplied by the percentage of stock owned. The result of this calculation yields the beginning taxable income for the nonresident which should be reported on the Georgia individual tax return. This beginning taxable income should be adjusted for the separately stated items mentioned in the Federal Tax Changes section on page 2. Under Sections 48-7-21(b)(7)(B) and 48-7-27(d)(2) of the Georgia Income Tax Act and Regulations thereunder, all nonresident shareholders must execute an agreement on Form 600S-CA wherein said shareholders agree to pay Georgia income tax on their portion of the corporation's Georgia taxable income or the S Corporation election will be terminated by the Commissioner.

Special Note: Any S Corporation with nonresident members shall be subject to withholding tax unless a composite return, Form IT-CR, is filed or the aggregate annual distribution paid or credited to members is less than \$1,000.00. Permission to file a composite return is not required. To ensure Georgia's recognition of your S Corporation election, attach a properly completed Form 600S-CA for each nonresident shareholder to Form 600S, when it is filed, even if a composite return has been filed. Please check the "Composite Return Filed" box on Form 600S, Page 1. For composite filing information or blank forms and instructions, call (404) 417-2300.

### CORPORATION ESTIMATED INCOME TAX

Income on most S Corporations flows through to the individual shareholders and estimated tax is paid accordingly at the individual level. If your S Corporation must pay estimated tax at the corporate level, see Form IT-611, pages 11 and 12, visit our web site at [www.gatax.org](http://www.gatax.org), or call (404) 417-2469 for blank forms and instructions.

# STATE OF GEORGIA

**FORM 600S-CA**  
**DEPARTMENT OF REVENUE**  
**TAXPAYER SERVICES DIVISION**

CALENDAR YEAR \_\_\_\_\_  
or other taxable year  
Beginning \_\_\_\_\_  
Ending \_\_\_\_\_

## CONSENT AGREEMENT OF NONRESIDENT STOCKHOLDERS OF S CORPORATIONS

Under Sections 48-7-21(b)(7)(B) and 48-7-27(d)(2) of the Georgia Income Tax Act and Regulations thereunder, all nonresident stockholders must execute an agreement wherein said stockholders agree to pay Georgia income tax on their proportionate part of the corporation's Georgia taxable income or the S Corporation election will be terminated by the Commissioner.

**To ensure Georgia's recognition of your S Corporation election, attach a properly completed Form 600S-CA for each nonresident shareholder to Form 600S when filed, even when a composite return has been filed.**

IF ANY ONE OR MORE NONRESIDENT STOCKHOLDERS, FAILS OR REFUSES TO FILE THE CONSENT AGREEMENT HEREIN, DO NOT USE FORM 600S. FILE ON FORM 600.

CORPORATE NAME		FEIN
BUSINESS ADDRESS		
CITY	STATE	ZIP CODE

## NONRESIDENT STOCKHOLDER

NAME	SOCIAL SECURITY NUMBER	
ADDRESS		
CITY	STATE	ZIP CODE
NUMBER OF SHARES OWNED		

As a nonresident stockholder in the above captioned corporation, I hereby agree to: (check one)

- ☐ File a Georgia Individual Tax Return, Form 500 and report my pro rata share of income and pay any tax due on the return for the above referenced tax year.
- ☐ Be included in a composite tax return, Form IT-CR, filed by the above corporation for the above referenced tax year.

Taxpayer's Signature \_\_\_\_\_ Date \_\_\_\_\_

**Create as many copies as needed.**



**IT-560C** (Rev. 6/04)  
FOR CORPORATION ONLY  
Income/Net Worth Payment Voucher  
(404) 417-2469



0501204013

**MAIL TO:**  
Georgia Department of Revenue  
Processing Center  
P.O. Box 105246  
Atlanta, GA 30348-5246

**2004**

<input type="checkbox"/> Corporate Income Tax	<input type="checkbox"/> Net Worth Tax	<input type="checkbox"/> New Corporation	<input type="checkbox"/> Address Change	<input type="checkbox"/> Name Change
FEI Number	Income Tax Year (mm/dd/yy)	Vendor Code <b>N/A</b>	Former Name if Applicable	
Current Name (Type or print plainly the exact Corporation Name)		Signature of Officer or Agent	Title	Date
Business Address		City	State	Zip Code

**DO NOT STAPLE OR PAPER CLIP. REMOVE ALL CHECK STUBS**    **Amount Paid** \$ \_\_\_\_\_

**IMPORTANT**

THIS FORM IS TO BE USED BY **CORPORATE TAXPAYERS** ONLY FOR PAYMENT OF  
INCOME TAX AND/OR NET WORTH TAX TENTATIVELY DETERMINED TO BE DUE.

**Instructions for Form IT-560C**

When a taxpayer receives an automatic extension of time in which to file a Federal return, Georgia will honor that extension. No penalty for late filing will be assessed if the Georgia return is filed by the extended due date of the Federal return. The extension is for filing the return and does not extend the time for paying the tax. The tax must be paid by the statutory due date. An extension of time for filing does not relieve the taxpayer of liability for interest or penalty for late payment of tax.

1. This form is to be used to submit any payment of tax when an extension is requested or in force.
2. The amount paid with this form should be claimed on the completed return as credits and payments.
3. This form must be submitted with remittance to pay at least 90% of the tax that will be due as reflected on the final return. If 90% of the tax is not paid by the original due date of the return, a penalty of 1/2 of 1% per month of the tax due will be assessed as a late payment penalty. The addition of this penalty does not relieve the taxpayer of liability for interest due on the unpaid balance of tax.
4. The amount paid is to be credited as a payment on the liability that may be due as indicated on the completed return. Georgia Public Revenue Code Section 48-2-31 stipulates that taxes shall be paid in lawful money of the United States, free of any expense to the State of Georgia.

If you have any questions call: (404) 417-2469

**Make check payable to:** Georgia Department of Revenue (Include FEI Number on check)

**Mail the completed IT-560C with remittance to:**

Georgia Department of Revenue  
Processing Center  
P.O. Box 105246  
Atlanta, GA 30348-5246

## EXTENSION INFORMATION FOR CORPORATIONS

Georgia Code Section 48-7-57 provides that a taxpayer need not apply for a Georgia extension if he applies for and receives an automatic six (6) month extension to file his Federal income tax return. The taxpayer must attach a copy of the extension granted by the Internal Revenue Service to his Georgia return. If the return is received within the time extended by the Internal Revenue Service and Form 7004 is attached to the return, no late filing penalties will be incurred.

Failure to attach a copy of the Federal extension will result in the return being considered filed late and penalties will be assessed!

If a Federal extension was not requested but an extension is necessary for filing the Georgia return, please submit your request on Form IT-303.

If an extension was granted but the tax was not paid by the statutory due date, then late payment penalties will be assessed until the tax is paid (income tax at 1/2 of 1% per month; net worth tax at 10%). Also, interest will be assessed at the rate of 12% per annum from the statutory due date until the tax is paid in full. Late payment penalties and interest accrue from the statutory due date regardless of an extension. Georgia law prohibits granting an extension for more than six months from the due date of the return.

A taxpayer having a Federal extension must also prepay the Georgia Tax, accompanying such remittance with Form IT-560C. Credit for the prepayment should be claimed on Form 600S, Schedule 4, Line 2. An extension of time does not alter the interest or penalty charge for late payment of tax.

**NOTE: Check the "Extension" box on Form 600S if a Federal or Georgia extension was granted. Failure to check the extension box will result in assessment of a late filing penalty.**

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## ANNUAL REGISTRATION WITH THE SECRETARY OF STATE

All Georgia corporations and foreign corporations that "qualify" to do business in Georgia must file an annual registration with the Secretary of State. Registration and the \$30 fee is due between January 1 and April 1. The Secretary of State will send a notice to the corporation's principal office address in early January. Foreign corporations (those formed in a state other than Georgia) should determine the need to obtain a Certificate of Authority by reviewing O.C.G.A. § 14-2-1501. The statute can be read and an application obtained at [www.georgiacorporations.org](http://www.georgiacorporations.org). Annual registration and certificate of authority obligations are separate from any filings with the Department of Revenue.

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## TELEPHONE ASSISTANCE

Centralized Taxpayer Registration Unit .....	404-417-4490
Compliance Division .....	404-417-6400
Corporation and Net Worth Tax Return Information .....	404-417-2427
Corporation Refund Inquiry .....	404-417-2427
Corporation Return Processing, Forms, Estimates and Prepayment of Tax .....	404-417-2409
Electronic Funds Transfer .....	404-417-2220 or 1-800-659-1855
Employer Withholding Information .....	404-417-2311
Estate and Tax Exempt Organization Information .....	404-417-2402
Income Tax Forms .....	404-417-6011
Individual Income Tax Return Information .....	404-417-2300
Secretary of State .....	404-656-2817
Taxpayer Services Division Director's Office .....	404-417-2400

# TAX CREDITS

<u>Credit</u> <u>Type Code</u>	<u>Description</u>
101	<p><b>Employer's Credit for Basic Skills Education.</b> Businesses may benefit by providing or sponsoring basic skills education that enhances reading, writing, or mathematical skills up to and including the 12th grade or classes required to receive a GED certificate. The program is administered by the Department of Technical and Adult Education. For information, contact them at (404) 679-1625. This credit should be claimed on <b>Form IT-BE</b>. For more information, refer to O.C.G.A. § 48-7-41.</p>
102	<p><b>Employer's Credit for Approved Employee Retraining.</b> The retraining tax credit allows some employers to claim certain costs of retraining employees to use new equipment, new technology, or new operating systems. The credit can be worth 50% of the direct costs of retraining full-time employees up to \$500 per employee per approved retraining program per year. The credit cannot be more than 50% of the taxpayer's total state income tax liability for a tax year. Credits claimed but not used may be carried forward for 10 years. For a copy of the Retraining Tax Credit Procedures Guide, contact the Department of Technical and Adult Education at 404-679-1700. This credit should be claimed on <b>Form IT-RC</b>, with Program Completion forms signed by Department of Technical and Adult Education personnel attached. For more information, refer to O.C.G.A. § 48-7-40.5 and the Department of Technical and Adult Education website at: <a href="http://www.dtae.org/econdev/retrain.html">www.dtae.org/econdev/retrain.html</a>.</p>
103	<p><b>Employer's Jobs Tax Credit.</b> This credit provides for a statewide job tax credit for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries, but does not include retail businesses. If other requirements are met, job tax credits are available to businesses of any nature, including retail businesses, in counties recognized and designated as the 40 least developed counties.</p> <p>Tier 1 counties, the state's least developed counties, are ranked 1 through 71. Companies creating five or more new jobs in a Tier 1 county may receive a \$3,500 tax credit.</p> <p>Tier 2 counties are ranked 72 through 106. Companies creating 10 or more new jobs in a Tier 2 county may receive a \$2,500 tax credit.</p> <p>Tier 3 counties are ranked 107 through 141. Companies creating 15 or more new jobs in a Tier 3 county may receive a \$1,250 tax credit.</p> <p>Tier 4 counties are ranked 142 through 159. Companies creating 25 or more new jobs in a Tier 4 county may receive a \$750 tax credit.</p> <p>Credits similar to the credits available in Tier 1 counties are potentially available to companies in certain "less developed" census tracts in the metropolitan areas of the state. Note that average wages for the new jobs must be above the average wage of the county that has the lowest average wage of any county in the state. Also, employers must make health insurance available to employees filling the new full-time jobs. Employers are not, however, required to pay all or part of the cost of such insurance unless this benefit is provided to existing employees.</p> <p>Credits are allowed for new full-time employee jobs for five years in years two through six after creation of the jobs. In Tier 1 and Tier 2 counties, the total credit amount may offset up to 100% of a taxpayer's state income tax liability for a taxable year. In Tier 3 and Tier 4 counties, the total credit amount may offset up to 50% of a taxpayer's state income tax liability for a taxable year. A credit claimed but not used in any taxable year may be carried forward for 10 years from the close of the taxable year in which the qualified jobs were established. The measurement of new full-time jobs and maintained jobs is based on average monthly employment. Georgia counties are re-ranked annually based on updated statistics.</p> <p>In Tier 1 counties and "less developed" census tracts only, credits may also be taken against a company's income tax withholding. To claim the credit against withholding, a business must file <b>Form IT-JOBW</b> at least 30 days prior to filing the return on which the applicable jobs are claimed. Once the income tax return is filed, the Department has 60 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed.</p> <p>See the Job Tax Credit law (O.C.G.A. §§ 48-7-40 and 48-7-40.1) and regulations for further information. This credit should be claimed on <b>Form IT-CA</b>. An additional \$500 per job is allowed for a business situated in a county that belongs to a Joint Development Authority. For more information, refer to the Department of Community Affairs website at: <a href="http://www.dca.state.ga.us/economic/taxcredit.html">www.dca.state.ga.us/economic/taxcredit.html</a>.</p>
104	<p><b>Employer's Credit for Purchasing Child Care Property.</b> Employers who purchase qualified child care property will receive a credit totaling 100% of the cost of such property. The credit is claimed at the rate of 10% a year for 10 years. The qualified property credit may be carried forward for three years from the close of the taxable year in which the credit is claimed, and the limitation on the use of the credit in any one year is 50% of the employer's Georgia income tax liability for the tax year. Recapture provisions apply if the property is transferred</p>

## TAX CREDITS (continued)

**Credit  
Type Code**

**Description**

- or committed to a use other than child care within 14 years after the property is placed in service. This credit should be claimed on **Form IT-CCC100**. For more information, refer to O.C.G.A. § 48-7-40.6.
- 105 Employer's Credit for Providing or Sponsoring Child Care for Employees.** Employers who provide or sponsor child care for employees are eligible for a tax credit of up to 75% of the employers' direct costs. The credit cannot be more than 50% of the taxpayer's total state income tax liability for that taxable year. Any credit claimed but not used in any taxable year may be carried forward for five years from the close of the taxable year in which the cost of the operation was incurred. This credit should be claimed on **Form IT-CCC75**. For more information, refer to O.C.G.A. § 48-7-40.6.
- 106 Manufacturer's Investment Tax Credit.** Based on the same tiers as the Job Tax Credit program. It allows a taxpayer that has operated an existing manufacturing or telecommunications facility or manufacturing or telecommunications support facility in the state for the previous three years to obtain a credit against income tax liability. The credit is based on expenses directly related to manufacturing or providing telecommunications services. Taxpayers must apply (use **Form IT-APP**) and receive approval before they claim the credit on their returns. Taxpayers may choose either the job tax credit, the investment tax credit, or the optional investment tax credit, but only one. Companies expanding in Tier 1 counties must invest \$50,000 to receive a 5% credit. That credit increases to 8% for recycling, pollution control, and defense conversion activities. Companies expanding in Tier 2 counties must invest \$50,000 to receive a 3% tax credit. That credit increases to 5% for recycling, pollution control, and defense conversion activities. Companies expanding in Tier 3 or Tier 4 counties must invest \$50,000 to receive a 1% credit. That credit increases to 3% for recycling, pollution control, and defense conversion activities. This credit should be claimed on **Form IT-IC** and accompanied by the approved Form IT-APP. For more information, refer to O.C.G.A. §§ 48-7-40.2, 40.3, and 40.4.
- 107 Optional Investment Tax Credit.** Taxpayers qualifying for the investment tax credit may choose an optional investment tax credit with the following threshold criteria:
- | Designated Area  | Minimum Investment | Percent Tax Credit |
|------------------|--------------------|--------------------|
| Tier 1           | \$ 5 Million       | 10                 |
| Tier 2           | \$10 Million       | 8                  |
| Tier 3 or Tier 4 | \$20 Million       | 6                  |
- Taxpayers must apply (use **Form OIT-APP**) and receive approval before they claim the credit on their returns. The credit may be claimed for 10 years, provided the qualifying property remains in service throughout that period. A taxpayer must choose either the regular or optional investment tax credit. Once this election is made, it is irrevocable. The optional investment tax credit is calculated based upon a three-year tax liability average. The annual credits are then determined using this base year average. The credit available to the taxpayer in any given year is the lesser of the following amounts:
1. 90% of the excess of the tax of the applicable year determined without regard to any credits over the base year average; or
  2. The excess of the aggregate amount of the credit allowed over the sum of the amounts of credit already used in the years following the base year.
- The credit must be claimed on **Form IT-OIT**. For more information, refer to O.C.G.A. §§ 48-7-40.7, 40.8, and 40.9.
- 108 Qualified Transportation Credit.** This is a credit of \$25 per employee for any "qualified transportation fringe benefit" provided by an employer to an employee as described in Section 132(f) of the IRS Code of 1986. For more information, refer to O.C.G.A. § 48-7-29.3.
- 109 Low Income Housing Credit.** This is a credit against Georgia income taxes for taxpayers owning developments receiving the federal Low-Income Housing Tax Credit that are placed in service on or after January 1, 2001. Credit must be claimed on **Form IT-HC** and accompanied by Form K-1 from the providing entity. For more information, refer to O.C.G.A. § 48-7-29.6.
- 110 Diesel Particulate Emission Reduction Technology Equipment.** This is a credit given to any person who installs diesel particulate emission reduction equipment at any truck stop, depot, or other facility. For more information, refer to O.C.G.A. § 48-7-40.19.
- 111 Business Enterprise Vehicle Credit.** This credit is for a business enterprise for the purchase of a motor vehicle used exclusively to provide transportation for employees. In order to qualify, a business enterprise must certify that each vehicle carries an average daily ridership of not less than four employees for an entire taxable year. This credit cannot be claimed if the low and zero emission vehicle credit was claimed at the time the vehicle was purchased. For more information, refer to O.C.G.A. § 48-7-40.22.



## TAX CREDITS (continued)

<u>Credit</u> <u>Type Code</u>	<u>Description</u>
112	<p><b>Research Tax Credit.</b> A tax credit is allowed for research expenses for research conducted within Georgia for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries. The credit shall be 10 percent of the additional research expense over the "base amount," provided that the business enterprise for the same taxable year claims and is allowed a research credit under Section 41 of the Internal Revenue Code of 1986. The credit may be carried forward 10 years but may not exceed 50% of Georgia net income tax liability for the business after all other credits have been applied in any one year. (Note that the base amount must contain positive Georgia taxable net income for all years.) This credit should be claimed on <b>Form IT-RD</b>. For more information, refer to O.C.G.A. § 48-7-40.12.</p>
113	<p><b>Small Business Growth Tax Credit.</b> A tax credit is granted for any business or headquarters of any business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries having a state net taxable income which is 20% or more above that of the preceding year if its net taxable income in each of the two preceding years was also 20% or more. The credit shall be the excess over 20% of the percentage growth and shall not exceed 50% of Georgia net income tax liability for the business after all other credits have been applied. The credit is available to companies whose total Georgia income tax liability does not exceed \$1.5 million. This credit should be claimed on <b>Form IT-RG</b>. For more information, refer to O.C.G.A. § 48-7-40.13.</p>
114	<p><b>Headquarters Tax Credit.</b> Companies establishing their headquarters or relocating their headquarters to Georgia may be entitled to a tax credit if the following criteria are met: 1) At least fifty (50) headquarters jobs are created; and 2) within one year of the first hire, \$1 million is spent for construction, renovation, leasing, or other costs related to such establishment or relocation. Headquarters is defined as the principal central administrative offices of a company or a subsidiary of the company. The credit is available for establishing new full-time jobs only. To qualify, jobs must pay a salary, which is a stated percentage above the average county wage in which it is located as follows: Above the county average for Tier 1 counties, at least 105% of the average wage for Tier 2 counties, at least 110% of the average wage for Tier 3 counties, and at least 115% of the average wage for Tier 4 counties. The company has the ability to claim the credit on qualifying year one jobs in years one through five. The credit is equal to \$2,500 annually per new full-time job or \$5,000 if the average wage of the new full-time jobs is 200% or more of the average wage of the county in which the new jobs are located. The credit may be used to offset 100% of the taxpayer's Georgia income tax liability in the taxable year. Where the amount of the credit exceeds the taxpayer's tax liability in a taxable year, any excess may be taken as a credit against the taxpayer's withholding tax. To claim the credit against withholding, a business must file <b>Form IT-JOBW</b> at least 30 days prior to filing the return on which the applicable jobs are claimed. Once the income tax return is filed, the Department has 60 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed. This credit should be claimed on <b>Form IT-HQ</b>. For more information, refer to O.C.G.A. § 48-7-40.17.</p>
115	<p><b>Port Activity Tax Credit.</b> Businesses or the headquarters of any business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development that have increased their port traffic tonnage through Georgia ports during the previous 12-month period by more than 10% over their 1997 base year port traffic, or by more than 10% over 75 net tons, five containers, or ten 20-foot equivalent units (TEU's) during the previous 12-month period, are qualified for increased job tax credits or investment tax credits. NOTE: Base year port traffic must be at least 75 net tons, five containers, or 10 TEU's. Otherwise, these numbers will be used as the base. Companies must meet Business Expansion and Support Act (BEST) criteria for the county in which they are located. The job tax and investment tax credits are as follows:</p> <p><b>Tier 1 companies:</b> An additional \$1,250 per job, or 5% investment tax credit, or 10% optional investment tax credit.</p> <p><b>Tier 2 companies:</b> An additional \$1,250 per job, or 5% investment tax credit, or 10% optional investment tax credit.</p> <p><b>Tier 3 companies:</b> An additional \$1,250 per job, or 5% investment tax credit, or 10% optional investment tax credit.</p> <p><b>Tier 4 companies:</b> An additional \$1,250 per job, or 5% investment tax credit, or 10% optional investment tax credit.</p> <p>Companies that create 400 or more new jobs, invest \$20 million or more in new and expanded facilities, and increase their port traffic by more than 20% above their base year port traffic may take both job tax credits</p>

## TAX CREDITS (continued)

<u>Credit Type Code</u>	<u>Description</u>
	and investment tax credits. The credit is claimed by filing the appropriate form for the applicable credit (Job Tax Form IT-CA or Investment Tax Form IT-IC) with the tax return and providing a statement with numbers to verify the increase in port traffic. For more information, refer to O.C.G.A. § 48-7-40.15.
116	<b>Bank Tax Credit.</b> All financial institutions that conduct business or own property in Georgia are required to file a Georgia Financial Institutions Business Occupation Tax Return, Form 900. Effective on or after January 1, 2001, a depository financial institution with a Sub S election can pass through the credit to its shareholders on a pro rata basis. For more information, refer to O.C.G.A. § 48-7-29.7.
117	<b>Low Emission Vehicle Credit.</b> This is a credit, of the lesser of 10% of the cost of the vehicle or \$2,500, for the purchase or lease of a new low-emission vehicle. There is also a credit for the conversion of a standard vehicle to a low-emission vehicle that is equal to 10% of the cost of conversion, not to exceed \$2,500 per converted vehicle. <b>Certification approved by the Environmental Protection Division of the Georgia Department of Natural Resources must be included with the return for any credit claimed under this provision. A statement from the vehicle manufacturer is not acceptable.</b> A low-emission vehicle is defined as a motor vehicle that is fueled solely by an alternative fuel and which meets emission standards for LEV or ultra-low emission vehicle (ULEV) as defined by the EPA, when operating on such alternative fuel. As defined in O.C.G.A. § 48-7-40.16, a low-emission vehicle does not include any gasoline-powered vehicles. Hybrid electric vehicles and gasoline low-emission vehicles do not qualify for this tax credit. A "low speed vehicle" does not qualify for this credit. For more information, refer to O.C.G.A. § 48-7-40.16.
118	<b>Zero Emission Vehicle Credit.</b> This is a credit of the lesser of 20% of the cost of the vehicle or \$5,000, on the purchase or lease of a new zero-emission vehicle. Also there is a credit for the conversion of a standard vehicle to a zero-emission vehicle that is equal to 10% of the cost of conversion, not to exceed \$2,500 per converted vehicle. <b>Certification approved by the Environmental Protection Division of the Georgia Department of Natural Resources must be included with the return for any credit claimed under this provision. A statement from the vehicle manufacturer is not acceptable.</b> A zero-emission vehicle is a motor vehicle which has zero tailpipe and evaporative emissions as defined under the rules and regulations of the Board of Natural Resources and includes an electric vehicle whose drive train is powered solely by electricity, provided the electricity is not generated by an on-board combustion device. A "low speed vehicle" does not qualify for this credit. For more information, refer to O.C.G.A. § 48-7-40.16.
119	<b>Cigarette Export Credit.</b> This is a tax credit for the shipment of cigarettes manufactured anywhere in the United States to a foreign country. For more information refer to O.C.G.A. § 48-7-40.20.
120	<b>New Manufacturing Facilities Jobs Credit.</b> In order to qualify, \$450 million in qualified investment property must be purchased for the project. The manufacturer must also create, at a minimum, 1,800 new jobs within a six-year period and can receive credit for a maximum of 3,300 jobs. After an affirmative review of their application by a panel, the manufacturer is rewarded with the new job tax credit. The credit is \$5,250 per job created. There is a 10-year carry-forward of any unused tax credit. For more information, refer to O.C.G.A. § 48-7-40.24.
121	<b>Electric Vehicle Charger Credit.</b> This is a credit for a business enterprise for the purchase of an electric vehicle charger located in the State of Georgia. The credit allowed is the lesser of 10% of the cost of the charger or \$2,500. For more information, refer to O.C.G.A. § 48-7-40.16.
122	<b>New Manufacturing Facilities Property Credit.</b> This is an incentive for a manufacturer who has operated a manufacturing facility in this state for at least three years and who spends \$800 million on a new manufacturing facility in this state. There is also the requirement that the number of full-time employees equal or exceed 1,800. However, these do not have to be new jobs to Georgia. An application is filed which a panel must approve. The benefit awarded to a manufacturer is a credit against taxes equal to 6% of the cost of all qualified investment property purchased or acquired. The total credit allowed is limited to \$50 million. The credit offsets any income tax and any excess is allowed as a credit to offset withholding taxes. There is a 15-year carry-forward of any unused tax credit. For more information, refer to O.C.G.A. § 48-7-40.25.
123	<b>Historic Rehabilitation Credit.</b> A nonrefundable credit not to exceed \$5,000 will be available for the certified rehabilitation of a certified structure or historic home. Standards set by the Department of Natural Resources must be met. The credit is applicable to taxable years beginning on or after January 1, 2004. This credit should be claimed on <b>Form IT-RHC</b> . For more information, refer to O.C.G.A. § 48-7-29.8 or the Department of Natural Resources website at: <a href="http://www.hpd.dnr.state.ga.us/content/displaycontent.asp?txtDocument=35">www.hpd.dnr.state.ga.us/content/displaycontent.asp?txtDocument=35</a> .

For more details about tax credits and the latest forms, please visit our website at: [www2.state.ga.us/departments/dor/inctax/taxcredits.shtml](http://www2.state.ga.us/departments/dor/inctax/taxcredits.shtml).

## **DOUBLE CHECK**

- √ Please review your completed return.
- √ Did you use the label? If so, is all information on the label correct?
- √ If you did not use the label, are your corporate name, address, and Federal I.D. Number correctly shown on the return?
- √ Is the taxable year shown on your return?
- √ Did you receive an extension of time to file your return? If so, have you attached a copy of your extension? Did you check the extension box on Form 600S?
- √ Have you attached a copy of your Federal Form 1120S and supporting schedules?
- √ If there is a tax due (on Schedule 4, Line 9), have you attached your remittance, payable to: Georgia Department of Revenue? (To ensure proper credit, put your Federal I.D. Number and the tax year-end on your remittance.)  
**PLEASE DO NOT MAIL YOUR RETURN AND CHECK SEPARATELY!**
- √ If there is an overpayment (on Schedule 4, Line 6), did you show the amount to be refunded and/or credited to estimated tax (on Schedule 4, Line 10)?
- √ Have you addressed your envelope properly? Do not send your Georgia Form 600S to the Internal Revenue Service.
- √ If you claimed Georgia Business credits, did you attach the required schedules or forms?

## **COMMON ERRORS THAT DELAY REFUNDS AND CREATE ASSESSMENTS**

1. Incorrect addresses and Federal I.D. Numbers.
2. Failure to indicate proper tax year-end.
3. Incomplete Georgia return making reference to attached schedules.
4. Claiming prepayments remitted under another name, Federal I.D. Number, or taxable period without attaching a schedule of detailed information.
5. Failure to include BEST credit schedules and withholding Forms G-2-A and G-2RP.

STATE OF GEORGIA  
DEPARTMENT OF REVENUE  
TAXPAYER SERVICES DIVISION  
1800 CENTURY BLVD., 10TH FLOOR  
ATLANTA, GEORGIA 30345-3205

PRSRT STD  
US POSTAGE PAID  
LANCASTER PA  
PERMIT NO. 123

TO: \_\_\_\_\_  
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